

**HOWARD COUNTY POLICE AND FIRE EMPLOYEES' RETIREMENT PLAN  
HOWARD COUNTY RETIREMENT PLAN**

**JOINT MEETING OF THE RETIREMENT PLAN COMMITTEES**

**October 25, 2018  
(Corrected)**

A joint meeting of the Retirement Plan Committees for the Howard County Police and Fire Employees' Retirement Plan (the "Police and Fire Plan") and the Howard County Retirement Plan (the "Employees Plan") (jointly, the "Plans") was held on Thursday, October 25, 2018 at 9:00 a.m. in the Columbia/Ellicott City Room at the George Howard Building, 3430 Court House Drive, Ellicott City, Maryland 21043.

**Police and Fire Plan:**

**Members Present:**

Human Resources Administrator: Wanda Hutchinson  
Chief Administrative Officer: Lonnie Robbins  
Director of Finance: Janet Irvin  
Budget Director: Holly Sun  
Representative, Police Department Supervisory Employees:  
    Jason Luckenbaugh  
Representative, Fire and Rescue Supervisory Employees:  
    Vincent Baker  
Representative, Howard County Police Officers' Association, Lodge 21:  
    Craig Hoover  
Representative, International Association of Firefighters, Local 2000:  
    Richard Ruehl

**Members Absent**

None

**Employees Plan:**

**Members Present:**

Human Resources Administrator: Wanda Hutchinson  
Chief Administrative Officer's Designee: John Peterson  
Deputy Director of Finance: Angie Price  
Budget Director Designee: Janssen Evelyn (arrived 9:15 a.m.)  
Representative, American Federation of State, County and  
    Municipal Employees Local 3080: Kim Drennon  
Representative, American Federation of State, County and Municipal  
    Employees Local 3085: Dale R. Chase

## Members Absent

Employee Representative: Jeff Bronow

Also present for all or a portion of the meeting were:

Monica Kearns, County Auditor's Office  
Sima Taghavi, Department of Finance  
Lori Buchman, Department of Finance  
Trevor Jackson, AndCo Consulting  
Paul W. Madden, Whiteford, Taylor & Preston L.L.P.  
Scott Southern, Retirement Assistant  
Teresa M. Reider, Retirement Coordinator  
Jamar Herry, Office of Law  
Jonathan Miller, Department of Finance

Wanda Hutchinson acted as Chair and Paul Madden acted as Secretary of the Meeting.

Wanda noted that she had Jeff Bronow's Proxy. Wanda further noted that the Assignment Agreement between Howard County and AndCo has been completed.

Janet Irvin reported on the progress of the Subcommittee reviewing responses of the Investment Consultant RFP. Janet indicated that the Committee is still reviewing 15 proposals.

The minutes of the September 20, 2018 meeting was unanimously approved.

Next, Sima reviewed the statements of revenues and expenses budget vs. actual as of June 30, 2018, the statements of fiduciary net position and the statements of changes of fiduciary net position for the Employees Plan. Sima noted that the total operating revenues were 112.66% of budget because of the favorable investment returns for the fiscal year. The total operating expenses were slightly over budget, leaving a net operating gain of \$6,273,225 (120% of budget).

Next Sima reviewed the statement of revenues and expenses budget vs. actual as of June 30, 2018, the statements of fiduciary net position and the statements of changes in fiduciary net position for the Police and Fire Plan. The total operating revenues for the Police and Fire Plan were 112% of budget. The total operating expenses were very close to budget. As a result, the Plan received an operating gain of \$8.8 million.

Scott Kemper representing LSV Asset Management gave a presentation to the Joint Committee on the investment strategy and investment performance of the U.S. Large Cap Value Equity Fund. LSV is a quantitative manager that focuses on value equity. Howard County invested in the Large Cap Value Equity in May of 2000 with an allocation of \$20.4 million. The Master Trust has withdrawn \$25.1 million and has a net return on investment of \$68.6 million. The portfolio value as of September 30, 2018 is \$63.8 million. Since inception, the portfolio has achieved a realized return of 10.2% compared with the 7.2% return of the Russell 1000 value index and the 6.1% return of the S&P 500 index. Mr. Kemper noted that over the last

10 years, growth has outperformed value. LSV expects that value will outperform growth in the next several years. After answering questions from the Committee and consultants, Mr. Kemper left the meeting.

Next, Paul McHugh and Justin Moscardelli made a presentation to the Joint Committee on the performance of the Westfield Large Cap Growth Equity portfolio. Westfield is a Boston-based firm with \$14.6 billion in assets under management, with 65 employees. Westfield specializes in growth equities across the market capitalization spectrum. Westfield employs a growth at reasonable price (GARP) investment style. The Master Trust's initial investment with Westfield was \$26 million in June of 2010. The current market value is \$75.7 million. Since inception, the portfolio has a realized return of 17.13% which is slightly less than the Russell 1000 growth index, which had a return of 17.9%. Mr. Moscardelli noted that the portfolio has been underweight to Facebook, Amazon, Netflix and Google because the portfolio's GARP investment approach. After addressing questions from the Committee and consultants, Messrs. McHugh and Moscardelli left the meeting.

Next, Trevor Jackson provided an update of the private equity portfolio. The Master Trust committed \$167.5 million to 19 private equity funds of funds from 2007 through 2018. As of March 31, 2018, paid-in capital is equal to \$117.6 million which is 70% of total commitments. Private equity distributions total \$55.4 million. The private equity portfolio has achieved a 14.4% net internal rate of return (IRR) since inception.

The portfolio is well-diversified by both strategy and geography. The private equity portfolio now represents 10% of the overall portfolio which is the target allocation.

Trevor Jackson reviewed Summit Strategies' process for determining its top tier private equity fund of fund managers and made recommendations for \$10 million in commitments for the remainder of 2018. The recommendations are: \$4 million to Schroder Adveq Europe VII, \$1 million to Schroeder Adveq Direct Fund II and \$5 million to Neuberger Berman Crossroads XXII Special Situations.

Next, Trevor Jackson made a recommendation that the Master Trust commit \$4 million to Schroders Adveq Europe VII, European buy-out fund of funds focused on the lower and middle market.

After discussion, and upon motion duly made, seconded and unanimously approved, it was

RESOLVED that the Committees approved the recommendation of AndCo and Summit Strategies to commit \$4 million to the Schroders Adveq Europe VII, subject to completion of due diligence and legal review.

Trevor Jackson also made a recommendation to commit \$1 million to the Schroders Adveq Europe Direct II Fund. After discussion, and upon motion duly made, seconded and unanimously approved, it was

RESOLVED that the Committees approved the recommendation of Summit Strategies and AndCo Consulting to a commitment of \$1 million to the Schrodgers Adveq Europe Direct II Fund, subject to completion of due diligence and legal review.

Trevor Jackson also made a recommendation to make a commitment of \$5 million to the Neuberger Berman Crossroads XXII – Special Situations, a global fund of funds that will commit to opportunistic strategies, including turnarounds, distressed debt and deep value buyouts. After discussion, and upon motion duly made, seconded and unanimously approved it was

RESOLVED that the Committees adopt the recommendation of Summit Strategies and AndCo Consulting to commit \$5 million to the Neuberger Berman Crossroads XXII – Special Situations fund subject to completion of due diligence and legal review.

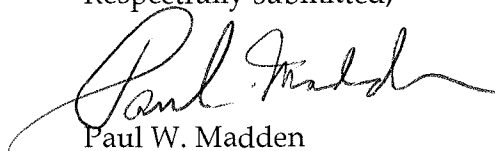
Trevor noted that there will be a \$25 million private equity budget for 2019 with an expectation of three commitments of approximately \$8 million each. Trevor recommended that the first commitment from the 2019 budget is an \$8 million commitment to the Greenspring Global Partners IX fund. This fund will have a single close in December of 2018. After discussion, and upon motion duly made, seconded and unanimously approved it was,

RESOLVED that the Committees adopted the recommendations of Summit Strategies and AndCo Consulting to commit \$8 million to the Greenspring Global Partners IX fund subject to completion of due diligence and legal review.

Next, Trevor Jackson presented proposed changes to the Investment Policy Statement of the Plans. Specifically, Trevor recommended changes to the indexes used to assess the performance of investment managers. After discussion, and upon motion duly made, seconded and unanimously approved, the Committees approved the changes to the Investment Policy Statement.

There being no further business, the meeting adjourned.

Respectfully submitted,



Paul W. Madden  
Secretary of the Meeting

**EXHIBITS  
TO  
MINUTES OF HOWARD COUNTY POLICE AND FIRE EMPLOYEES' RETIREMENT  
PLAN  
AND HOWARD COUNTY RETIREMENT PLAN  
JOINT MEETING OF THE RETIREMENT PLAN COMMITTEES**

**October 25, 2018**

1. Statement of revenues and expenses budget vs. actual as of June 30, 2018, the statements of fiduciary net position and the statements of changes of fiduciary net position for the Howard County Retirement Plan
2. Statement of revenues and expenses budget vs. actual as of June 30, 2018, the statements of fiduciary net position and the statements of changes in fiduciary net position for the Police and Fire Plan.
3. Presentation by LSV Asset Management – October 25, 2018
4. Presentation by Westfield Capital Management – October 25, 2018
5. Presentation by Summit Strategies Group – Private Equity Recommendation/Investment Policy Statement Review